



Senator Ted W. Lieu

28th Senate District

Senate Bill 50

Fact Sheet

Payphone Fairness

Background:

Consumers nationwide, in addition to an estimated 500,000 to 800,000 military service members overseas, have been charged fees of \$20 for 20 seconds and higher to make calls from payphones using credit-, debit-, or calling-cards. This occurs due to a lack of information on the rates for these types of calls on either the phone or through a toll-free number.

This lack of information came about after payphone services were deregulated as part of federal action in 1996, thus taking control out of hands of the California Public Utilities Commission. When payphones were initially regulated, the concept of credit/debit/calling-card payphones was not envisioned. The law originally was written to apply only to coin-operated payphones. The result is that coin-operated payphones provide visible signage on the phones and a toll-free number, while credit, debit, or calling-card calls from the phone are charged at much higher rates and the higher charges are not indicated on payphones.

Recent media investigations concluded that between 500,000 and 800,000 U.S. troops going or returning to Afghanistan were essentially forced to pay exorbitant fees when using credit cards to make payphone calls during layovers in Germany. It is certain similar charges are taking place elsewhere.

Relevant existing law:

Current law under PU Code 741 requires that every owner or operator of coin-activated telephones, other than a telephone corporation, post the following easily seen information:

- Name of the provider of operator-assisted services and their toll-free number
- Applicable charges for each available operator-assisted service

- That the provider of operator-assisted services respond to inquiries concerning the terms and conditions of any available service

In addition, PU Code 742.3 requires that, for coin-activated and credit card-activated telephones available for public use, that every telephone display a notice that surcharges may apply to operator-assisted and calling card calls. No notice regarding the exorbitant charges for credit-, debit-, or calling-card calls need be given.

This bill:

Senate Bill 50 would impose mandatory signage on payphones that warn credit-, debit-, and calling-card users of the possible costs and provide a toll-free number to learn exactly what fees usage may incur.

Sponsor:

None.

Support:

Division of Ratepayer Advocates; California Public Utilities Commission; Los Angeles World Airports; Vietnam Veterans of America, California State Council; AVVETS-Department of California; California State Commanders Veterans Council; the VFW Department of California; Congress of California Seniors; California Senior Legislature; the California Airports Council

Oppose:

None on File

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■ Last updated 08/07/13 by Ray